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# *Bouchard Transportation Co., Inc.*

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ATLANTIC COAST • LONG ISLAND SOUND  
GREAT LAKES • GULF COAST

Office of:  
*Morton S. Bouchard III*  
President / CEO

April 30, 2004

RE: Docket USCG - 2003-14472 -) 3  
MARAD - 2003 -15171

Dear Sir or Madam:

I appreciate your taking the time to allow me to speak with you about the severe hardship that Bouchard Transportation/Bouchard Coastwise Management, as well as our competitors would be inflicted with if, the Lease Financing Loophole is not permanently closed.

Bouchard Transportation Co. Inc. was incorporated in 1918 by my great grandfather, Capt. Fred Bouchard, and was passed on down to my grandfather, to my father, and to myself, the family's fourth generation. Over the past 90 plus years, Bouchard's operation has grown into one of the largest ocean going petroleum barge companies on the east and gulf coasts of the United States. Bouchard's management philosophy has consistently remained the same from one generation to the next; maintain the fleet in a first class standard, higher and better than our competitors, and invest profits in new and more modern equipment for the future. Today we will stand by our founding fathers' philosophy.

Bouchard affiliates (Bouchard Transportation Co., Inc. and Bouchard Coastwise Management) operates a fleet of 28 ocean going petroleum barges and 18 tugs, of which 12 are double hulls, 13 under construction, with a delivery date of May 4, 2004.

We are also in the final stages of negotiating with a U.S. shipyard for our next construction phase of double hull vessels, which we hope will include up to 4 more vessels.

I am also proud to report that Bouchard affiliates employs well over 250 Jones Act seamen and have built all our vessels in U.S. shipyards without funding from Marad or Wall Street.

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As you can freely conclude, the preservation of the Jones Act is of vital importance to the future of Bouchard Affiliates, our employees, and our national security.

Since the passing of the Oil Pollution Act of 1990, Bouchard Affiliates has invested well over 250 million dollars in newly built double hull ocean going petroleum barges, all in U.S. shipyards that meet and exceed OPA 90 regulations. This type of investment is one that is enormous for any size corporation and was made with the complete understanding and long term business plan that the U.S. Jones Act would be preserved. If we had any belief that the U.S. JONES ACT would not be preserved, we would not have made this enormous investment in U.S. built double hulls, and ask you:

"HOW would the citizens of the northeast and gulf coast energy needs be met, especially with this past winter (2003-04) if we did not make this investment well in advance of our competitors".

My point is very simple. Over the past 100 plus years, our industry through AWO, The Chamber of Shipping, and various other organizations, has worked hand-in-hand with the United States Coast Guard, Marad, and Congress to see that the U.S. Jones Act is preserved and the citizens of the United States energy needs are met with the most environmentally safe equipment available, without jeopardizing the U.S. security and by not employing U.S. citizens. I commend the United States Coast Guard's February 4, 2004 final rule, which took a major step in closing the lease-financing loophole that has placed control of vessels operating within United States territorial waters in jeopardy, as well as thousands of U.S. Shipyard Workers and the hundreds of million of dollars that Bouchard and others have invested. However, the job is far from complete.

I urge you, as a fourth generation owner of one of the largest Jones Act companies, to finish the task at hand.

I urge the United States Coast Guard and Marad to take prompt and swift steps to resolve the issues that were raised in the NPRM or all that will be accomplished is that this most unfair loophole be narrowed and not closed and put in a grave where it justifiably belongs.

Bouchard Affiliates, along with our employees, the U. S. shipyard employees that builds our vessels, and for the safety of our national security urge you:

*Bouchard Transportation Co., Inc.*

"A HERITAGE OF BARGING EXPERIENCE AND FAMILY PRIDE"

1. Prohibit charter-back arrangements (in which a lease financed vessel is chartered back to the vessel owner or member of the owner's group of companies), except when the vessel is engaged in carrying proprietary cargo for the owner or a member of the owner's group. Unless this is done, foreign vessel owners will still be able to control vessels used in the domestic trade, despite the clearly expressed intent of Congress to prevent it.
2. Establish a three-year limit on the grandfather provisions contained in the lease financing final rule (which provided an open-ended grandfather for vessels previously documented under the lease financing provision). Three years is ample time for a vessel owner to restructure his investment to ensure compliance with the regulations.
3. Recognize that the Coast Guard may not have the in-house expertise it needs to evaluate whether an application for documentation meets the standards of the regulations in all cases. The opportunity for public scrutiny is the most effective and, for the Coast Guard, cost-effective way to address this. The agency should develop a procedure in which applications that may raise questions (because they meet certain defined criteria) are subject to a public notice and comment process.

Thank you, on behalf of our employees, customers, and the U.S. citizens that we ultimately serve. I would like to express my sincere thanks to the U.S. Coast Guard and Marad for giving your attention to this most important issue, and would like to just re-emphasize the importance that this loophole be closed and buried.

MSB:bl

Very truly yours,



Morton S. Bouchard III  
President & CEO